

2-13-1981

Letters between Richard Feeny, David Bowen, and Thomas R. Webber, February and March, 1981

David R. Bowen

Thomas R. Webber

Richard J. Feeney

Follow this and additional works at: <https://scholarsjunction.msstate.edu/db-correspondence>

Preferred Citation

[Title], David Bowen Collection. Congressional and Political Research Center, Mississippi State University Libraries.

This Letter is brought to you for free and open access by the David Bowen Digital Collections at Scholars Junction. It has been accepted for inclusion in Correspondence by an authorized administrator of Scholars Junction. For more information, please contact scholcomm@msstate.libanswers.com.

UNITED STATES OF AMERICA
COMMODITY FUTURES TRADING COMMISSION

2033 K Street, N.W.
Washington, D.C. 20581
February 13, 1981

FEB 16 1981



The Honorable David R. Bowen
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Bowen:

The Commission is pleased to inform you that it has approved unanimously the formation of a new futures exchange. The New Orleans Commodity Exchange ("NOCE") has won designation as a contract market (exchange) to trade futures contracts in milled rice. The Commission approved NOCE's application pursuant to Section 5 of the Commodity Exchange Act and approved NOCE's articles of incorporation and Chapters I-IX and XII of its rulebook under Section 5a(12) of the Act.

NOCE was previously known as the New Orleans Cotton and Commodity Exchange, which itself was the successor to the New Orleans Cotton Exchange. Today's action makes NOCE one of now eleven exchanges authorized to trade futures contracts in the United States. Its initial trading activity will be in contracts for U.S. No. 2 or better milled long-grain rice in accordance with the standards promulgated by the United States Department of Agriculture. Each trading unit will be 1200 hundredweight (120,000 pounds), and bids and offers will be in multiples of \$.005 per hundredweight. Delivery months on the contract will be September, November, January, March, and May, with trading in the nearest delivery month to be conducted in both the current and next calendar year.

Delivery for the milled rice is on an F.O.B. mill basis, with the buyer receiving an exchange-determined allowance for freight, wharfage, and unloading. Pricing basis is F.A.S. Gulf port. Minimum price fluctuation is \$.005 per hundredweight (\$6 per contract). Daily price fluctuation limit is \$.50 per hundredweight (\$600 per contract) above or below the previous day's settlement price, except that this does not apply to trading in the expiring contract on the last day of the trading month; limits may be expanded by 50 percent if three or more contracts for one crop year close on a limit for three successive business days. Speculative position limits are 250 contracts net long or net short in any one future month and 500 net contracts in all future months combined.

At the present time, the Commission is working closely with the Exchange to assemble the data needed to complete review of NOCE contract applications to trade in three additional commodities: rough rice, cotton, and soybeans. I will keep you informed as to the status of these contract applications.

Sincerely,

Richard J. Feeney
Director
Office of Governmental Affairs

AGRICULTURE: CTFC, NOCE

12 March 1981

Mr. Thomas R. Webber
President
New Orleans Commodity Exchange
308 Board of Trade Place
New Orleans, Louisiana 70130

Dear Mr. Webber:

I understand from Mr. Richard J. Feeney of the CFTC that the New Orleans Commodity Exchange has won designation as a contract market for trade in futures contracts in milled rice. ~~I offer my warmest congratulations. I am delighted to hear such good news, and it has been a long fight to obtain this designation. I feel sure that the new exchange will be of tremendous benefit to rice producers, particularly in the Southern region of the U.S.~~ I offer my warmest congratulations. I am delighted to hear such good news, and it has been a long fight to obtain this designation. I feel sure that the new exchange will be of tremendous benefit to rice producers, particularly in the Southern region of the U.S.

I understand also that the Commodities Futures Trading Commission is currently working with the Exchange to assemble the data needed to complete review of NOCE contract applications to trade in three additional commodities--rough rice, cotton, and soybeans. It is my sincere hope that this review can be completed as soon as possible, and if there is anything I can do toward this end, please let me know.

Again, congratulations on this great accomplishment. Please do not hesitate to let me know whenever I can be of assistance to you on this or any other matter.

Sincerely,

syr

DAVID R. BOWEN
Chairman